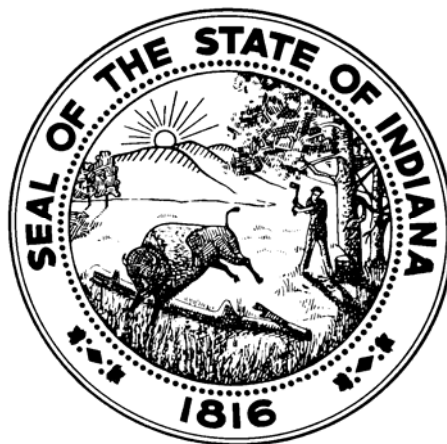


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT
OF
BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
09/12/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Joseph M. Russell Bradley Bookout	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the Board of Board of County Commissioners	Thomas Bennington John Brooke	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA

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TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

We have audited the records of the Board of County Commissioners for the period from January 1, 2006 to December 31, 2006, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Delaware County for the year 2006.

STATE BOARD OF ACCOUNTS

July 25, 2007

BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS

PUBLIC PURCHASES LAW

In July 2006, Delaware County, purchased a generator at an original cost of \$77,690 and in November 2006, purchased furniture for the 911 Center at an original cost of \$97,524; however, evidence of bids were not presented for audit.

Indiana Code 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

CAPITAL ASSETS

During the review of capital assets, it was noted that not all additions were included on the capital asset records, and none of the deletions were included.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

INTERNAL CONTROLS – TAX SYSTEM

As noted in prior Report B27900, the following deficiencies were noted during the review of the County's property tax computer system:

Output Balancing and Reconciliation

To help ensure reports are complete and correct, reports should be, but are not balanced to control totals produced during original entry of information into the system. The following deficiencies exist where generated reports are not reconciled: There are no system-generated reports from the tax system. However, the computer department constructs some reports at year end. The 2005 beginning billable amount in the Ditch Reconstruction Fund did not match the prior year's ending balance.

Audit Trails

Audit trails are insufficient. During parts of January, February and March, some users are allowed to make changes to the CAMA system directly without creating a transaction. Additions, deletions, or changes made through this edit screen are not recorded in the application system. There are no reports provided by the system to record this type of maintenance activity (i.e., changing of fund balances). In addition, there are no manual procedures and logs to record this activity. Until this system is modified to record maintenance activities, manual logs should be used to record all activity performed through the edit and these logs should be retained for audit.

BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Input Controls

Users have no way of knowing if complete transactions have been entered into this system. While entering information on assessments, it is possible to enter only demographic information while omitting the assessment information. Edits should exist which would prompt a user when information is not complete. If the system cannot provide such edits, the user should implement manual controls such as checklists or visual verification.

Without these internal controls, the County cannot ensure reliability of the financial information and records created and maintained in the property tax computer system. The Board of County Commissioners should establish internal controls over output balancing and reconciliation, audit trails, and input controls that will provide a proper internal control structure.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

INTERNAL CONTROLS - CASH

Controls over the safeguarding of assets were weak due to inadequate safeguarding of safe combinations and office keys resulting in three separate thefts from safes located in the Delaware County Building since October 2006.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

PUBLIC WORKS CONTRACT IN EXCESS OF \$100,000

A public works contract was awarded for construction of a multi-purpose building at the Fairgrounds for \$476,350. No performance bond or written escrow agreement were presented for audit.

Indiana Code 36-1-12-14(b) states in part: "A board that enters into a contract for public work, and a contractor who subcontracts parts of that contract, shall include in their respective contracts provisions for the retainage of portions of payments by the board to contractors, by contractors to subcontractors, and for the payment of subcontractors. Either the board or contractor, or both, shall place the retainage in an escrow account, with a bank, savings and loan institution, or the state as the escrow agent. The escrow agent shall be selected by mutual agreement between board and contractor or contractor and subcontractor under a written agreement among the bank or savings and loan institution. . . ."

Indiana Code 36-1-12-14(e) states in part: " . . . the contractor shall furnish the board with a performance bond equal to the contract price. . . ."

BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2007, with Judy Rust, Auditor; and John Brooke, President of the Board of Board of County Commissioners.